

# ALASKA STATE LEGISLATURE

## HOUSE RESOURCES COMMITTEE

### Session: January – April

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## **House Bill 393**

# ***COOK INLET/MIDDLE EARTH GAS ROYALTIES***

### **Sectional Analysis for 33-LS1006\R**

**“An Act relating to oil and gas leases and royalty shares; and providing for effective date.”**

- Sec. 1 Changes royalty structure for Cook Inlet leases to 0% on gas and 5% on oil for wells drilled after July 1<sup>st</sup>, 2024, and 5% on oil and gas for wells drilled prior to July 1<sup>st</sup>, 2024. Amends AS 38.05.180(f) to allow an exception for the new subsection (mm).
- Sec. 2 Adds a new subsection (mm) to AS 38.05.180, stating that for leases issued for property in the state excluding land north of 68 degrees North latitude, the royalty share reserved to the state may not exceed zero if the lessee is recovering costs associated with development of oil or gas produced from a well drilled on or after July 1, 2024.
- Sec. 3 Adds uncodified law regarding transition to comply with the changes in royalty rates which requires the commissioner of natural resources to enter into lease negotiations with a lessee holding a lease issued before the effective date of this Act in the Cook Inlet sedimentary basin to modify the lease to meet the royalty rates required by AS 38.05.180(f)(7) and (mm).
- Sec. 4 Provides for an effective date of July 1, 2024